

### **REMARKS/ARGUMENTS**

Claims 1, 2, 4-12, 14-20 and 67-84 are pending herein, claims 1, 11, 67 and 76 being independent. No amendment is made to the claims.

In the pending Office Action, the Examiner rejected claims 1, 2, 4, 5, 7-12, 14, 15, 17-20, 67-79 and 81-84 under 35 U.S.C. § 103(a) as allegedly obvious from United States Patent No. 5,732,398 (Tagawa), in view of Business Wire "Air France Corrects and Replaces Previous Announcement", 1/23/96 ("Business Wire"); and claims 6, 16 and 80 under 35 U.S.C. § 103 (a) as allegedly obvious over Tagawa in view of Business Wire and further in view of Ong-Yeoh, "Golden Boutique Set to Boost MAS Revenue", Business Times (Malaysia), 8/26/95 ("Business Times"). It is respectfully submitted that the invention as claimed is patentably distinct from the references applied by the Examiner, taken in any combination.

The following description of applicant's invention is provided for the Examiner's assistance and is not intended as a limitation on the scope of the claimed invention, which is measured solely by the claims.

As described in response to the prior Final Office Action dated February 1, 2005, the claimed invention is directed to methods (claims 1, 2, 4-12, 14-20) and systems (claims 67-84) for promoting the sales of international travel tickets and duty free items from a single source, in two different ways: (1) by offering specific international travel tickets at prices lower than otherwise available in conjunction with offering a prospective customer a specific duty free item as an incentive to purchase the international travel ticket; or (2) by offering specific duty free items at prices lower than otherwise available in conjunction with offering a prospective customer a specific international travel ticket as an incentive to buy the duty free item. As claimed, the value of the product offered as an incentive (*i.e.*, the duty free item if the customer is purchasing an international

travel ticket, or an international travel ticket if the customer is purchasing a duty free item) is determined as a function of the value of the item purchased (*i.e.*, the international travel ticket or the duty free item, respectively). Thus, the amount of discount passed on to a customer for a specific duty free item is increased when that customer purchases a higher priced international travel ticket. This feature of the claimed invention, which is found in paragraphs [0024] – [0025] of the specification as published, is neither shown nor suggested in the references applied by the Examiner.

The claims also include a further distinguishing feature of the invention, namely that the consumer has the option of acquiring more expensive “incentive” products by paying an incremental cost over and above the cost of the basic primary product. By way of example, if a consumer wishes to fly from New York to London, and acquire a particular expensive imported watch for which he does not qualify based upon the quoted price of the flight, he may nonetheless acquire the watch by paying a premium for his flight, thereby satisfying the consumer’s desire for a specific travel itinerary, and also for a specific duty free item. This feature of the invention (which is described in the specification, *e.g.*, at para. [0051] of the specification as published) is likewise not shown in the art applied by the Examiner.

#### The Pending Claims are Distinguishable Over the Cited References

Turning now to the references applied by the Examiner, Tagawa teaches a kiosk for providing travel related goods and services. A user of the Tagawa kiosk may purchase both international travel tickets and duty free items from different merchants through the kiosk. The Examiner has taken the position that the Tagawa kiosk functions as a “single source” for both international travel tickets and duty free items, rather than as a conduit for purchasing these products from completely different sources. Assuming, for the moment, that the Examiner's reading of

Tagawa is correct, Tagawa still fails to teach or suggest the invention as set forth in the claims. For example, Tagawa does not teach the offering of a first type of product (e.g., a duty free item) as an incentive to purchase a second type of product (e.g. an airline ticket), wherein the value of the first type of product varies as a function of the price of the second type of product. In fact, it would be antithetical to Tagawa's teachings, which describe a conduit for the sale of goods by *independent* merchants, to require one merchant to offer "free" products to a customer who is not buying that merchant's goods, but rather is buying the goods of another, *independent*, merchant. There is, therefore, no suggestion or impetus to one of ordinary skill in the art to adapt Tagawa in this fashion.

In the Office Action, the Examiner has taken the position that Tagawa does, in fact, show the provision of goods from one merchant in exchange for payments made to another merchant, and relies on to the following language in Tagawa in support of that position:

"The method further comprises closing a sale, accepting payment for the flight or flights selected by the user and delivering a non-Airline-Reporting Corporation value voucher for the paid flight or flights to the user." (col. 4, lines 27-31).

A more detailed reading of Tagawa, however reveals that the above-quoted section, or any other section of Tagawa, does not support the Examiner's position.

Tagawa explains the Airline Reporting Corporation system as follows:

"The invention herein is based on issuing non Airlines Reporting Corporation (ARC) tickets. Thus the vouchers printed and issued in reference to block 426 in FIG. 7C and block 470 in FIG. 8B preferably are outside of the ARC system. The ARC is a corporation owned by the airline companies to regulate the distribution of air travel documents (airline tickets) and to act as a clearing house for all receipts and disbursements. The ARC regulates travel agencies in the distribution of airline tickets and payments. It is a huge bureaucracy and many of the rules regulating ticketing are very restrictive and cumbersome. In the preferred embodiment, **contracts are made directly with airlines to issue value vouchers** in lieu of ARC tickets." (col. 19, lines 5-17). (emphasis added)

Thus, Tagawa teaches that the claimed kiosk is used to put the buyer who accesses the kiosk directly in touch with the merchant (airline) who sells the airline ticket. Tagawa does *not* teach that one vendor who sells a duty free item can compel an airline to give the buyer an international airline ticket for no fee or for a reduced fee. It is, in fact, antithetical to Tagawa's teaching to do so, since Tagawa teaches that the buyer buys each product acquired *via* the kiosk directly from the *individual* merchant who provides the product. Thus, the buyer will use the kiosk to directly contact an airline to purchase a travel ticket, and then perhaps also use the kiosk to directly contact a product vendor to purchase a product. The Examiner's argument to the contrary should therefore be withdrawn.

The addition of the Business Wire article does not overcome the deficiencies of Tagawa.

The Business Wire article describes a promotion by Air France wherein a duty free discount voucher is offered in connection with the sale of international travel tickets at a single price along a specific route: San Francisco – Paris. This article does not describe the provision of a specific duty free item, just a voucher. As explained in response to a previous action, a voucher is fundamentally different from a specific duty free item, as is required by the claims, since a voucher is not always used by the customer, and is therefore not valued by the customer. In fact, that is one reason businesses like to offer vouchers, on the theory that the offer may entice customers for the merchant's main products, but never actually be used and therefore has no cost to the merchant – and no value to the consumer. Providing a specific duty free item as required by the claims, however, requires that the user actually provide the item, not simply the illusion of an item.

Additionally, according to the Examiner, the Business Wire article teaches that the international travel ticket is a round trip ticket from San Francisco to Paris and then back to San Francisco, with the voucher being redeemable in Paris, *i.e.*, on the return flight. This means that the

user would have to maintain the voucher in his or her possession for the duration of the trip before being permitted to utilize it, since the user would have to wait to be on the way back out of the country, *i.e.*, France, to use a voucher at a *Parisian* duty free shop. The claimed invention, however, does not require the purchase of a round trip ticket, but may include a one-way ticket. Furthermore, the claims require that the customer be advised of the means of delivery of the specific duty free item purchased in accordance therewith, meaning that the purchased duty free item may be delivered at the point of departure, in the case of the Business Wire scenario, in San Francisco. There is no need to have the customer delay gratification, or risk losing a voucher, each of which is a disincentive to making the sale, and neither of which is present in the claimed invention.

Voucher systems in general also suffer from the drawbacks of in-airport duty free shops outlined in page 3 of the specification, such as passengers who change their itineraries, or run late, or leave on flights when the shop is closed may not be able to use the voucher. Even if they do arrive at the airport in time, when the shop is open, they may not find an item which is worth buying, since the consumer is not then in position to determine if the cost of the duty free item is a good one or is more expensive than would be available at a retail store back home. All of these possibilities may leave a passenger unhappy, and dissatisfied with the airline that offered such an illusory benefit to the purchase of the international travel ticket. None of these drawbacks occur in the inventive method, since the purchase of a specific duty free item is made ahead of time, at the customer's leisure, and with delivery guaranteed, no matter the time of the flight or how close the passenger may cut the time to make the flight.

Additionally, there is no motivation in the Business Wire article to modify the voucher system there described in any way to more closely resemble the claimed invention. For example, if the voucher system would be modified to provide a specific duty free item as suggested by the

Examiner, that would require a more complex and costly tracking system for the airline. Handing out paper vouchers can be accomplished simply by the flight attendants on boarding the airplane when departing San Francisco, and then leave the passenger to keep track of the voucher, and use the voucher thereafter.

If a specific duty free item is provided, however, particularly if a choice of duty free items is offered, however, things get a lot more complicated, and expensive. First, the airline must have an inventory of the items available. This is an added expense for the airline. Then, the airline must identify which customer on which flight ordered which item, and then deliver the right item to the right passenger on the right flight. This is a much more labor-intensive and complex task than making copies of a piece of paper and handing the pieces of paper out to passengers when the boarding pass is being scanned, or even delivered to the passenger at the time the ticket is given to the passenger. The article provides no motivation to make such a change. In fact, since the article teaches the use of a simple voucher system, one of ordinary skill in the art would likely be disinclined to modify it to make the system more complicated, absent some further reason to do so, a reason not found in any reference applied by the Examiner.

The Business Wire article also does not teach that the value of the duty free item (or even the voucher) will vary as a function of the cost of the ticket. Indeed, the price of the international travel ticket could not vary, since it is advertised at one price on one route. Thus, this reference also fails to teach or suggest the claimed limitation that the value of the “free” item varies based on the price of the purchased item. Similarly, there is no teaching that the consumer may secure a more “valuable” voucher by paying a premium on the travel ticket, and there would be no impetus for one of ordinary skill in the art to do so, since the value of the voucher is simply a cash discount from the price of an item offered for sale. In fact, one reading the article would conclude that if one ticket is

purchased, one voucher will be provided, and if two tickets are purchased, two vouchers would be provided, *etc.* There is simply no teaching that increasing the cost of the ticket would yield a voucher with a higher value. The article is simply silent on this point. One of ordinary skill in the art, however, may infer that the vouchers would all be of a single value, since all of the passengers who qualify for the voucher will pay the same price for the ticket, under the same conditions. Thus, one of ordinary skill would not be motivated to modify the system taught in the Business Wire article to conform to the claimed invention.

In contrast, claim 1 recites the step of “offering to the customer the option of selecting from among at least one additional specific duty free item upon payment of an amount in addition to the offering price” of the specific international travel ticket. In other words, the method of claim 1 allows the customer to pay an additional amount in order to, for example, secure the delivery of a more valuable, or other type of, duty free item as compared to the duty free item included with the offering price of the travel ticket. Likewise, claim 11 recites the step of “offering the customer the option of selecting from among at least one additional specific international travel ticket upon payment of an amount in addition to the specific offering price of the duty free item”. These features are also recited in system claims 67 and 76, respectively.

Because the primary combination upon which the Examiner relies to support the rejection fails to teach or suggest at least these claim limitations, it is believed that the claims are patentable thereover.

The Business Times article was cited as disclosing a feature of dependent claims 6, 16 and 28, namely that customers may be advised of the manner of delivery of the duty free item. Apparently, the Examiner has agreed that this reference does not teach or suggest varying the value

of the “free” item based upon the value of the purchased item or “upgrading” the value of the incentive item.

Thus, none of the references applied by the Examiner teach or suggest these features of the claimed invention. Solely for at least the reasons above, therefore, the invention as claimed is patentably distinct from the applied references.

It is also true that the references applied by the examiner do not address the new economics of the sale of duty free items and international travel tickets contemplated by the invention, such as detailed in the specification beginning at page 15, line 15. As there described, under known methods, such as described in the Business Wire scenario, duty free items are sold through duty free concessions located either in an airplane terminal or on an airplane itself. Such concessions are secured by bid either to the airport or to the airline, if done in-flight. Under current market conditions, such concessions might pay as much as 40%, or more, of their gross sales to the airport or airline, in exchange for their exclusivity. According to the invention, however, since the sale is of a specific duty free item which is sold prior to the flight, no concession fee is due to be paid, making the system far more economical, resulting in a potentially tremendous cost saving to the consumer. Inasmuch as the user of the patented system is freed from paying the concession fee, the money otherwise paid as a concession fee, which results in no direct benefit to the consumer, may be translated into the cost of the airline ticket. Thus, the overall cost to the consumer of the entire purchase is significantly reduced. This benefit is neither taught nor suggested in the applied references, and would, in fact, be impossible to achieve according to either reference, because the references do not teach the sale of a specific duty free item in a situation where no concession fee would be due.



Thus, the claimed invention is patentably distinct from the references applied by the Examiner.

“Secondary Considerations” Support the Patentability of the Claims

Evidence of secondary consideration of non-obviousness, when present in the record, must be considered. *Cable Elec. Prods., Inc. v. Genmark, Inc.*, 226 U.S.P.Q. 881, 887 (Fed. Cir. 1985). Accompanying this Communication are Declarations Under 37 C.F.R. §1.132 of Mr. Nadir Medjkoune and Mr. Michael Barnard.

Mr. Medjkoune is one knowledgeable in the field of the invention, and is also knowledgeable as to who constitutes one of ordinary skill in the art (*see*, Declaration of Nadir Medjkoune, ¶¶ 3 and 6; hereinafter “Medjkoune Dec. ¶ \_\_\_\_”). He declares that the claimed invention would not have been obvious to one of ordinary skill in the art at the time of the invention thereof by the applicant (Medjkoune Dec. ¶ 10).

Mr. Barnard is also knowledgeable about the field of the invention, having been an airline executive for several years, and more recently a consultant in the airline industry. (Declaration of Michael Barnard, ¶¶ 1 and 3; hereinafter “Barnard Dec. ¶ \_\_\_\_”). Mr. Barnard likewise declares that the claimed invention would not have been obvious to one of ordinary skill in the art at the time of the invention thereof by the applicant (Barnard Dec. ¶ 5).

Recognition of the usefulness of an invention by those skilled in the art is within the category of so-called “secondary considerations” and is to be considered by the Examiner when submitted by an applicant to traverse an obviousness rejection under 35 U.S.C. 103(a), *Vulcan Engineering Co., Inc. v. Fata Aluminium, Inc.*, 61 U.S.P.Q.2d 1545, 1548 (Fed. Cir. 2002) (“Appreciation by contemporaries skilled in the field of the invention is a useful indicator of

whether the invention would have been obvious to such persons at the time it was made.”); *Turbocare Division of Demag Delaval Turbomachinery Corp. v. General Electric Co.*, 214 F.Supp.2d 170, 182 (D. Mass. 2002) (“the ... patent was appreciated by contemporaries skilled in the field”).

In this case, Mr. Medjkoune and Mr. Barnard each has extensive knowledge of the history and development of the duty free industry, starting prior to the filing date of the instant application, and continuing thereafter (Medjkoune Dec. ¶ 3; Barnard Dec. ¶ 1 and 3). They state that there was a long-felt need in the industry to find ways to increase the sale of unsold travel tickets and to increase the sale of duty free items (Medjkoune Dec. ¶¶ 8 and 9; Barnard Dec. ¶ 8). They observe that the largest holders of unsold travel tickets are airlines themselves, and that airlines have sold duty free items on board their international aircraft for many years (Medjkoune Dec. ¶ 9; Barnard Dec. ¶ 9). They further declare that the combination of selling duty free items in conjunction with international travel tickets which permit the purchase of the duty free items was considered surprising in the industry, and would only have been obvious to one of ordinary skill in the art by use of impermissible hindsight after learning of the combination from the applicant herein (Medjkoune Dec. ¶ 10; Barnard Dec. ¶ 10).

Mr. Medjkoune and Mr. Barnard each point out that the art applied by the Examiner lacks any motivation to combine the several references and that even if the combination were to be made, it would not result in the invention as claimed (Medjkoune Dec. ¶¶ 11-14; Barnard Dec. ¶ 10 and 12). The declarants reach their conclusions after comparing the invention as claimed with the prior art applied by the Examiner (Medjkoune Dec. ¶ 11-13; Barnard ¶¶ 12-14). The evidence submitted by the applicant of these secondary considerations of patentability further

support that the claimed invention is not obvious in light of the references applied by the Examiner.

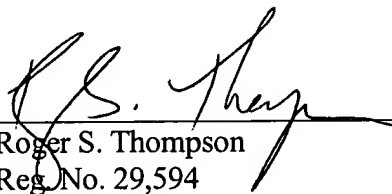
For all these reasons, therefore, it is respectfully submitted that the claimed combination is neither taught nor suggested by the references applied by the Examiner, and is therefore allowable.

Early and favorable action is therefore respectfully solicited.

It is believed that no fees or charges are required at this time in connection with the present application. However, if any fees or charges are required at this time, they may be charged to our Patent and Trademark Office Deposit Account No. 03-2412.

Respectfully submitted,

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Dated: February 13, 2006